

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

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E.O. 11652: N/A

TAGS: EFIN, EG

SUBJECT: DELINQUENT AGRICULTURAL PAYMENTS

1. DEPARTMENT OF AGRICULTURE HAS DRAWN OUR ATTENTION TO
THE FOLLOWING DELINQUENT PAYMENT STATUS BY THE EGYPTIANS
ON CCC AND PL-480 ACCOUNTS.

2. DELINQUENT PAYMENTS - UAR/EGYPT 6-30-75

CREDIT SALES - CCC

GSM-3 RESCHEDULED DEBT

INTEREST DUE ON LATE PAYMENTS

1973 10809.38

1974 27795.53

PAYMENT DUE 4-1-75 774414.49

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PAYMENT DUE 1-1-75 8475665.00 9,288,684.40

GSM-4

1973	122021.91
1974	763042.92
1975	4270342.65 5,155,407.48

PL-480

PAYMENT DUE 6-16-75	1486.72
PAYMENT DUE 4-1-75	251927.66
PAYMENT DUE 4-1-75	143205.34
PAYMENT DUE 6-23-75	760701.54
PAYMENT DUE 6-23-75	228210.46 1,385,531.78

TOTAL	15,829,623.60
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3. USDA IS PARTICULARLY CONCERNED WITH GOE PAYMENTS ON CCC CURRENT CREDITS (GSM-4) AS THIS IS A COMMERCIAL PROGRAM OPERATING THROUGH PRIVATE BANKING SECTOR. EGYPT IS ONLY COUNTRY IN PROGRAM IN DELINQUENT STATUS. DELINQUENCY IN THIS CASE IS BY NATIONAL BANK OF EGYPT. ALTHOUGH UNDER CURRENT PROGRAM THERE IS DOLS 2.4 MILLION CREDIT OPEN FOR EGYPT, USDA HAS NOTIFIED EXPORTERS IT IS NOT ABLE TO ACCEPT LETTERS OF CREDIT FOR GOE DUE TO THE DELINQUENT PAYMENT STATUS PENDING RESULTS OF INTERNAL REVIEW OF DEBT STATUS. FOR ALL PRACTICAL PURPOSES, THIS ACTION COULD TEMPORARILY HALT THE CCC PROGRAM IN EGYPT.

4. A CONTINUING DELINQUENCY ON THE PL-480 PROGRAM WILL CAUSE CONCERN AND COULD CAUSE SOME PROBLEMS WITH THE PL-480 PROGRAM IF CONGRESSIONAL INTEREST IS AROUSED.

5. THE PROBLEM OF DEBT ARREARAGES ON U.S. LOANS AND CREDITS IS ATTRACTING INCREASING CONCERN BOTH IN CONGRESS AND WITH GENERAL PUBLIC. WE HAVE BEEN ADVISED BY THE LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE OF THE HOUSE GOVERNMENT OPERATIONS COMMITTEE - THE CONGRESSIONAL COMMITTEE RESPONSIBLE FOR DEBT OVERSIGHT - THAT PUBLIC HEARINGS ON THE SUBJECT OF DELINQUENT INTERNATIONAL DEBT

WILL BE HELD IN EARLY SEPTEMBER . WE BELIEVE IT DESIRABLE LIMITED OFFICIAL USE

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TO RESOLVE MATTER OF EGYPTIAN ARREARAGES PRIOR TO THESE HEARINGS.

6. UNDER THE RESCHEDULING AGREEMENT ON CCC, THE EGYPTIANS WERE GIVEN FAVORABLE TERMS IN THAT THEY CAN OPEN NEW LINES OF CREDIT ON 95 PERCENT OF THE MONIES REPAID. THIS IS ALMOST THE EQUIVALENT TO AN AUTOMATIC ROLLOVER ON THESE PARTS OF THE ACCOUNT AND WE WOULD THINK IT WOULD BE AN

INDUCEMENT TO THE GOE TO KEEP PAYMENTS CURRENT ON THESE ACCOUNTS.

7. WE REALIZE THE SENSITIVITY AS WELL AS PRACTICAL DIFFICULTY OF DISCUSSING THIS ISSUE WITH THE EGYPTIANS AT THIS TIME. WE LEAVE IT TO EMBASSY DISCRETION ON WHEN TO BRING THIS SUBJECT UP AND AT WHAT LEVEL. WE WOULD APPRECIATE

EMBASSY VIEWPOINT ON WHEN YOU BELIEVE EGYPTIANS MIGHT BE ABLE TO PAY THESE DELINQUENT AMOUNTS.

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